

**Mitigation Bank Prospectus
Zachary Mitigation Area, LLC Mitigation Bank
East Baton Rouge Parish, Louisiana**

I. Introduction

This mitigation banking prospectus provides background information and a restoration/enhancement strategy for the proposed Zachary Mitigation Area, LLC Mitigation Bank (Bank) for the Mitigation Bank Review Team (MBRT) to assess the technical feasibility of establishing the mitigation bank and approving its operational goals and objectives. It is the intent of the Sponsor to restore wetland functions on the site for the purpose of developing mitigation credits that would be available to various individuals, commercial interests and other groups who would be required to compensate for unavoidable impacts to wetlands resulting from permit authorization by the Corps of Engineers pursuant to Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act of 1899 and other applicable Federal and State statutes and regulations.

II. Location, Geography And Climate

The proposed bank is located in East Baton Rouge Parish, Louisiana, in Section 19 and 43, Township 4 South, Range 1 East. It is located near the intersection of Highway LA 19 and Port Hudson Pride Road approximately 2 miles north of Zachary, Louisiana. The site receives overflow from Copper Mill Bayou which is located immediately south of the bank site. The coordinates at the center of the site are N 30.404768°, W -91.085062°. The site is historically pasture. A vicinity map is included as Figure 1.

III. Bank Goals And Objectives

The goal of the sponsor is to re-establish the Bank as a sustainable bottomland hardwood ecosystem. The sponsor proposes to restore and enhance a bottomland hardwood forest that will re-establish the unique wetland functions and values associated with this type of habitat. The Bank intends to serve as a bottomland hardwood mitigation area offering for sale habitat credits as compensation for unavoidable impacts to wetlands associated with the Department of the Army Section 404 permits issued by the US Army Corps of Engineers New Orleans District (CEMVN).

IV. Ownership Of Bank Lands

The Sponsor is ZACHARY MITIGATION AREA, LLC (ZMA), which has been assigned the rights to develop the Bank by Holcomb Resources, Inc. A memorandum of the agreement between Ernest Randall Edgen and Holcomb Resources, Inc. titled "Notice of Agreement to Establish Wetlands Mitigation Bank or Area" has been recorded in the public records of East Baton Rouge Parish and is attached as Exhibit "B". A copy of the assignment from Holcomb Resources, Inc. to Zachary Mitigation Area, LLC has been attached as Exhibit "A". Ernest Randall Edgen is the legal owner of the land encompassed by the Bank. There are no

liens, encumbrances, easements, servitudes, or restrictions that have been identified on the portion of the property proposed for restoration.

V. Bank Size And Classes Of Wetlands

The bank is part of a \pm 70 acre site. Based on Soil Survey maps hydric soils could make up approximately 80% of the tract. The Sponsor intends to restore and enhance the wet pasture to bottomland hardwood forest.

VI. Baseline Conditions

A wetland delineation is currently being prepared. Once completed and verified, a determination can be made as to the acreage available at the bank. It is anticipated that the site is predominately wetlands based on the information obtained from the Soils Survey of East Baton Rouge Parish.

A. Existing Land Use. The Bank is currently used as pasture. The surrounding land within 0.5 miles of the project area consists of pasture (45%+/-), forest (40%+/-), residential land (13%+/-), and roadways (<2%+/-).

B. Existing Plant Communities. The site is dominated primarily by facultative, facultative-wetland, and obligate-wetland herbaceous plant species. Dominant plant species include:

Chinese Tallow Tree	<i>Sapium sepiferum)</i>
Soft Rush	<i>Juncus effusus)</i>
Louisiana Blackberry	<i>Rubus louisianus)</i>
Florida paspalum	<i>Paspalum floridanum)</i>
Soft-stemmed bulrush	<i>Scirpus validus)</i>
Pennywort	<i>Hydrocotyle umbrellata)</i>
Long-leaf spike grass	<i>Chasmantium sessiliflorum)</i>
Isolated and/or individual specimens of	
loblolly pine	<i>(Pinus taeda)</i>
sweet gum	<i>(Liquidambar styraciflua)</i>
willow oak	<i>(Quercus phellos).</i>

C. Soils. The Soil Survey of East Baton Rouge Parish , Louisiana shows that the site is underlain by Calhoun and Cascilla silt loam soil association, frequently flooded (CSA), Olivier silt loam, 1 to 3 percent slope (OvB), Deerford-verdun complex, 0 to 2 percent slope (DaA) and Loring silt loam, 1 to 3 percent slope (LoB) (Exhibit C). Calhoun and Cascilla silt loam soils (CSA) are listed as hydric soils in Soil Mapping Units and Hydric Soils Designations of Louisiana. Olivier, Deerford-verdun complex and Loring silt loam soils are not listed as hydric soils.

D. Existing Hydrology. The majority of the site appears to be nearly level and poorly drained. Runoff from the site drains to shallow ditches from Hwy. 19 on the western boundary and from the Port Hudson-Pride Road along the northern boundary flowing east and south toward Copper Mill Bayou. Copper Mill Bayou is a tributary of the Comite River. Portions of the site lie within FEMA Flood Zone AE. Indicators of wetland hydrology observed during on-site investigations included saturated soils, drift lines, oxidized root channels, and water stained leaves.

VII. Geographic Service Area

The BANK is located within United States Geological Survey (USGS) Cataloging Unit 08070202 which includes portions of Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, and St. Helena Parishes (Exhibit 2). However the Accounting Unit (i.e., 080702) will serve as the secondary service area as appropriate. Therefore the bank may be appropriate for any noncoastal impacts within portions of Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, St. Helena, St. James, St. John the Baptist, St. Tammany, Tangipahoa, and West Feliciana Parishes. However, the use of the BANK for impacts outside of Accounting Unit 080702 will be determined by the CEMVN.

VIII. Site Restoration/Enhancement Plan

The Sponsor proposes to restore the wetland hydrology and native forested vegetation to a portion of the bank site. Species typical of hardwood dominated forests found in the vicinity of the Bank will be selected for site restoration.

A. Surface Hydrology

Wetland hydrology indicators were observed throughout the site. The site is located in the flood plain of Copper Mill Bayou. Historical drainage from the site may have been enhanced by the excavation of ditches and ponds on the site. If necessary, some of the existing drainage ditches will be plugged to prevent excess drainage and to achieve natural wetland hydrology within the restoration areas. There may have been a natural drain on site that functioned to remove excess surface water following overbank flooding from Copper Mill Bayou. The natural drain could be restored to enhance the site and may potentially provide stream mitigation credits.

B. Proposed Bottomland Hardwood Restoration

The Woodland Management and Productivity Table in the Soil Survey of East Baton Rouge Parish, Louisiana shows that soils listed for the Site have a site index of 90 or above for a large number of bottomland hardwood trees. Data indicate that the site is highly productive and would be a good candidate for restoration.

Restoration activities will be accomplished by preparing the site as needed (mowing, disking, ripping, herbicide, etc.) and by planting an appropriate species mixture of bottomland hardwood during the planting season (December to March). Seedlings will be planted on 9-foot centers for an initial stand density of at least 302 seedlings per acre. The anticipated

schedule for planting is the 2007-2008 planting season. A mixture of at least 70 percent hard-mast and a maximum of 30 percent soft-mast-producing species will be planted in accordance with the following species selection list. If seedling availability renders a discrepancy of more than five (5) percent from the desired mixture of hard mast to soft mast species, CEMVN approval to modify the plan will be obtained.

Species Recommended for Bottomland Hardwood Restoration

Hard-Mast Species: Sweet pecan (*Carya illinoensis*)
Bitter pecan (*Carya lecontei*)
Water hickory (*Carya aquatics*)
Willow oak (*Quercus phellos*)
Water oak (*Quercus nigra*)
Overcup oak (*Quercus lyrata*)
Nuttall oak (*Quercus nuttallii*)

Soft-Mast Species: Drummond red maple (*Acer rubrum drummondii*)
Green ash (*Fraxinus pennsylvanica*)
American elm (*Ulmus americana*)
Sweetgum (*Liquidambar styraciflua*)
Common persimmon (*Diospyros virginiana*)
Mayhaw (*Crataegus aestivalis*)

Control of exotic/noxious plant species (e.g., Chinese tallow, cottonwood, and black willow) will be conducted as needed until crown closure has occurred.

IX. Accounting Procedures, Methods For Determining Credits, And Release Of Credits

The proposed mitigation must be specified in a mitigation agreement, which is written and signed by the Mitigation Bank Review Team (MBRT). The MBRT consists of the CEMVN, which chairs the team; the Environmental Protection Agency (EPA), the United States Fish and Wildlife Service (USFWS), and the Louisiana Department of Wildlife and Fisheries (LDWF).

The Sponsor proposes that restoration of the site can be used as compensatory mitigation through the restoration and enhancement of bottomland hardwood. There are several assessment models available to determine the potential for restoring/enhancing functions of the BANK wetlands. At present, CEMVN uses the Swamp and Bottomland Hardwood models of the Wetland Value Assessment (WVA) to determine both the amount of credits necessary to replace forested wetland functions impacted by authorizing projects and the credits available in a mitigation project. However, the CEMVN is evaluating other assessment models to determine whether they would be better tools to assure that the national goal of "no net loss" of wetlands is achieved. Whatever wetland assessment is used to calculate bank credits would also be used to calculate credits required to replace wetland functions impacted as a result of authorized projects.

It is anticipated that these credits will be released incrementally upon achievement of certain milestones such as, but not limited to, approval and signature of the wetlands banking instrument,

tree planting, exotic species control, hydrology restoration, etc. These milestones will be defined within the formal wetlands mitigation banking instrument.

X. Performance Standards, Financial Assurances, And Long-Term Protection

Monitoring of the project area will be required over the operational life of the area. Monitoring requirements would be developed based on the credit release milestones and as a mechanism to evaluate the progress of the bank as predicted by the wetland assessment.

Monitoring reports prepared by the Sponsor shall include information regarding the species planted, survivorship of plantings, percent plant coverage, plant richness, percent exotic/invasive species, invasive species control, measures to control predation/grazing of mitigation plantings, replacement planting, ditch plugs, water inundation/saturation levels, etc. Permanent monitoring plots would be established and located in such a manner that they are representative of the planted area. Plot centers will be permanently marked and all trees within the plot radius will be permanently tagged and numbered.

Financial assurance will be in the form of an escrow account approved by an adequately capitalized or well capitalized federally insured depository. Specified percentages of this assurance may be released back to the Sponsor incrementally in accordance with the achievement of milestones specified in the initial agreement. The value of the escrow account or letter of credit will be determined during the development of the banking instrument.

To ensure long-term protection of all lands included in the bank, the Sponsor, its heirs, assigns or successors, shall be responsible for maintaining and protecting lands contained within the restored portions of the Bank in perpetuity, unless the bank lands are transferred to a state or federal resource agency or non-profit conservation organization or this responsibility is contractually conveyed to another person, subject to approval by the MBRT. This conservation servitude specifically prohibits activities that would reduce the quality of the wetlands. The mitigation agreement also specifies permissible activities such as hunting, fishing, recreational use and mineral exploration given the activity causes no negative effect on the functions and values of the restored wetlands. Forest management within the conservation servitude could be allowed given that this activity is performed to maintain or improve the overall ecological function of the site. Impacts that adversely affect the function and value of the site which are caused by permissible activities will require permitting and subsequent mitigation.

XI. Conclusion

In summary, this area has the potential to be restored as bottomland hardwood habitat. The proposed mitigation consists of artificial regeneration of forested wetlands currently consisting primarily of historical pasture to reflect a more natural bottomland hardwood forest.

XII. References

United States Department of Agriculture, Natural Resources Conservation Service (1995). Soil Mapping Units and *Hydric* Soils Designations of Louisiana, Third Edition.

United States Department of Agriculture, Natural Resources Conservation Service. Web Soil Survey 1.1, National Cooperative Soil Survey.



Zachary Mitigation Area, LLC
Edgen Tract

NOTE: This is entire parcel - actual boundaries of mitigation area to be determined.

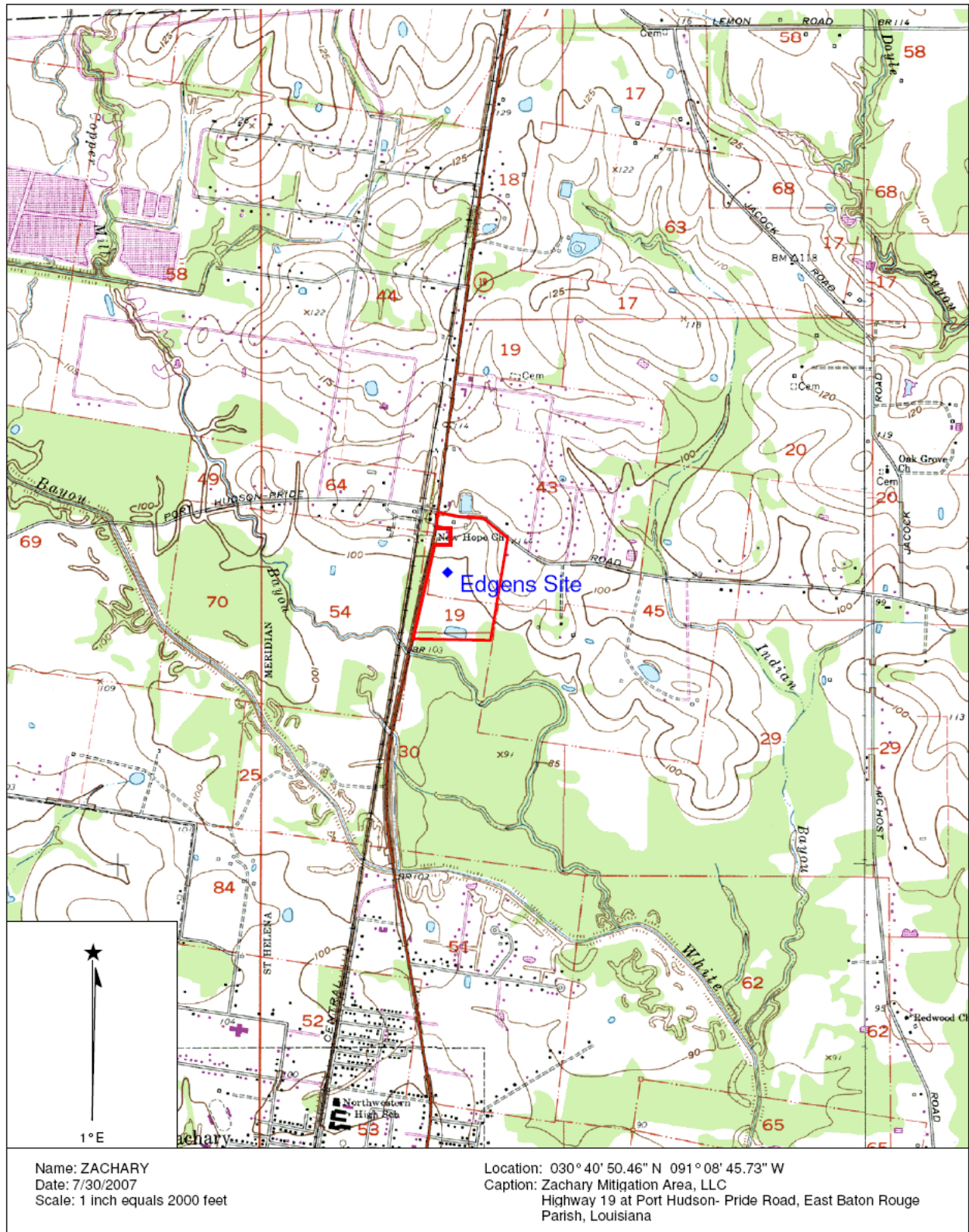


FIGURE 1
VICININTY MAP

SOIL SURVEY OF EAST BATON ROUGE PARISH, LOUISIANA

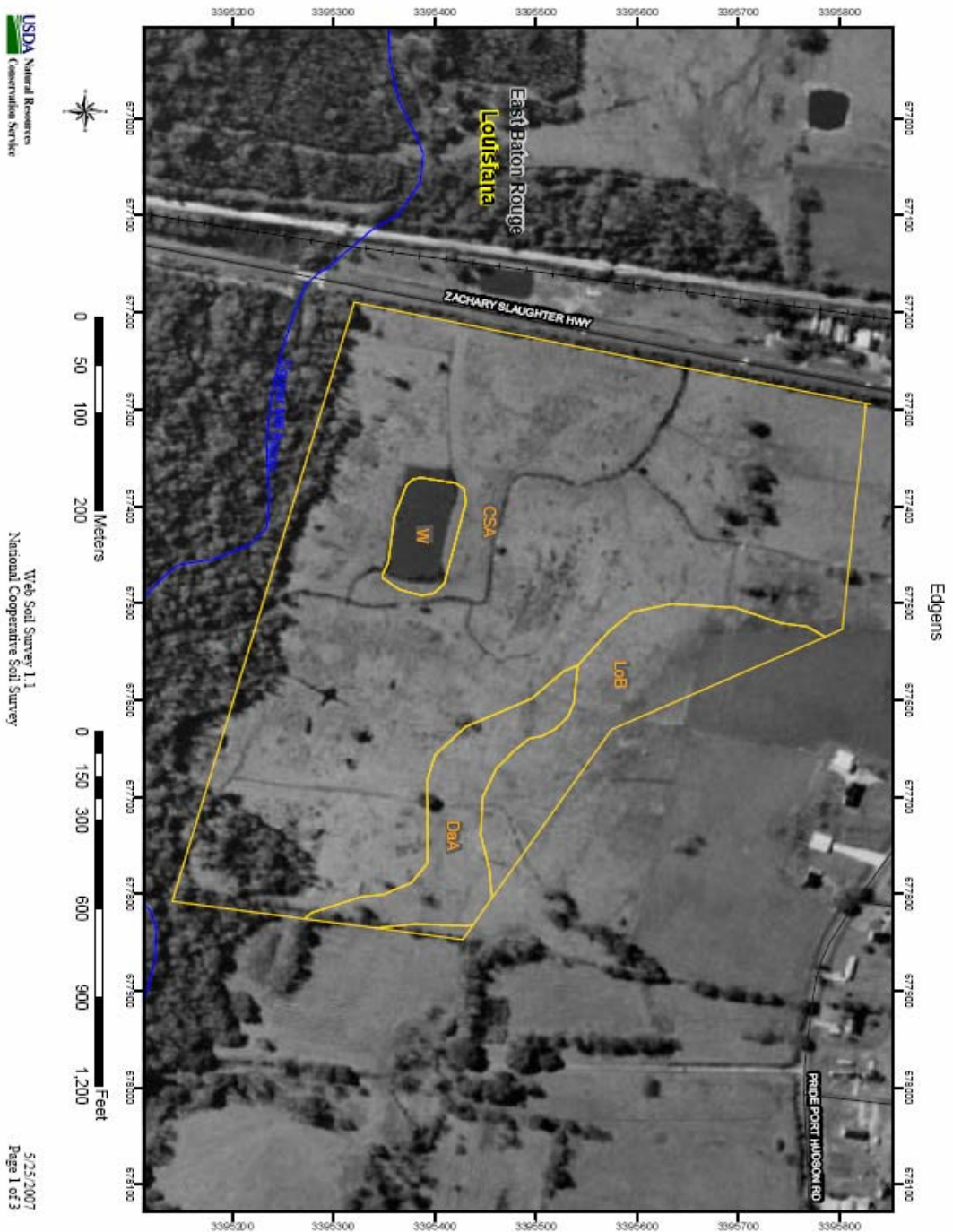


EXHIBIT C



PRIDE-PORT HUDSON LOOKING NORTH



PRIDE-PORT HUDSON LOOKING SOUTH



FROM SOUTH PROPERTY LINE LOOKING NORTH



FROM SOUTHWEST CORNER LOOKING NORTH